



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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June 10, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

CONCESSION AGREEMENT EXTENSIONS - (ITEM NO. 6, AGENDA OF MAY 11, 2010)

Background

On May 11, 2010, on motion of Supervisor Knabe, your Board instructed the Chief Executive Officer (CEO) to work with County departments to develop the parameters of a policy which allows for the extension of concession agreements in return for increased fees paid to the County without competitive bidding. Your Board also directed that both the length of these extensions, and any applicable nutrition standards related to these agreements, be considered in our analysis.

On May 17, 2010, we issued a survey to departments requesting the following information:

- Number of concession agreements;
- Name of the contract(s) and contractor(s);
- Location and a brief description of the contracted service;
- Current contract start date, termination date, and any option terms;
- Description of the potential benefits the contractor(s) may offer and potential extension periods;
- Whether the contract(s) provide products covered by Board Policy 3.115 (Los Angeles County Food Policy for Vending Machines, Fundraising, and County sponsored meetings); and
- Any concerns or special circumstances.

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Survey Results

The survey revealed there are 46 out of 72 concession contracts that could potentially be extended in exchange for increased fees to the County or capital improvements to County facilities. Departments communicated the following potential benefits of the 46 contracts submitted as being eligible for possible extension:

- Capital improvements to county owed facilities;
- Revenue increase from higher rental percentages;
- Revenue increases from higher commission rates; and/or
- Possible cash bonus for extension.

The remaining 26 contracts were not included for the following reasons:

- Recently executed contracts where departments believe re-bidding may yield significant revenue increases in an improved economy;
- Contractor not interested in extension;
- Contract out for bid; and/or
- No potential benefit to the County.

Contract Term

Based on responses received from departments, the majority of the recommended extensions would be between 2 and 20 years. Current termination dates of this group of 46 contracts range from contracts continuing on month-to-month basis as defined by the original contract terms to contracts expiring in 2035. In most cases there is no legal prohibition in extending these agreements with 4/5th vote of the Board (Government Code Section 25536.5). We will notify your Board of any contracts that have legal limitations or requirements at the time of recommendation.

Adherence to Food Policy

Several of the vending contracts are subject to the County's Board Policy 3.115 (Los Angeles County Food Policy for Vending Machines, Fundraising, and County sponsored meetings). Adherence to the Food Policy may result in a decrease in compensation of up to 40 percent if required with an amendment, as some concessionaires believe the Food Policy may have a negative impact on revenue, at least at the outset.

Recommendation

We believe the details of each potential contract extension will need to be evaluated on a case-by-case basis and that the extension of some contracts may not be in the long term

interest of the County. Additional extension commitments of already long term agreements may put the County at a considerable competitive disadvantage due to changes in the economy and inflationary factors that may be too difficult to accurately predict.

Criteria for Determining Contracts Covered by This Effort

Due to the long contract terms and unique nature of some of these contracts, it is difficult to provide parameters that can be applied universally. Contractors need the flexibility to determine various time frames in order to identify and amortize their potential capital investment and/or adjustments to revenue streams. Generally, we will instruct departments to only consider contracts meeting all of the following parameters:

- Contracts which were planned to be competitively rebid upon expiration, but for which a competitive solicitation process is not already underway. It is not limited to contracts expiring in the next year. However, benefits would need to be implemented for 2010-11 and extend throughout the extended period;
- Living Wage rates may not be reduced as part of this effort;
- Contracts with remaining option years, departments may seek to negotiate an extension beyond the last option year, **or** may seek to negotiate a benefit in return for executing an option year. In either case, benefits would need to be effective for 2010-11.
- Departments will exclude:
 - Any contracts for which the department reasonably determines that a more favorable benefit can be obtained via a competitive process;
 - Contracts where the department has identified performance issues with the current contractor;
 - Contracts where the departments is uncertain if the services will be needed for the extended term.

Conclusion

Unless otherwise instructed, we will submit final recommended parameters for your Board's consideration that will allow for the extension of concession agreements in return for increased fees paid and/or capital improvements to County facilities without competitive bidding. We are targeting a Board agenda no later than July 29, 2010. Upon your Board's approval of this initiative and the related final parameters, we will provide departments with guidelines and instructions to proceed with contract negotiations, and bring individual contract extension recommendations to your Board for approval.

Each Supervisor
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Please let me know if you have any questions, or your staff may contact Martin Zimmerman at 213.974.1326, or via email at mzimmerman@ceo.lacounty.gov.

WTF:BC:MKZ
FC:JH:ib

Attachment

c: All Department Heads

Concession Agreement Extensions – Item No. 6 Agenda of May 11 2010_Brd Memo

Name	Description	Term	Benefit	Possible Extension
Chief Executive Office				
Lunchstop, Inc.	Hall of Administration, cafeteria service	Started 9/5/2006, expired 9/4/2009, has two one-year options not exercised in 2009. Contract is currently on month-to-month basis.	County commission rate is 5% of monthly sales with a \$2,500 minimum. Possible increase in the commission rate or minimum commission.	Potential extension may be two years or longer.
First Class Vending	Countywide vending machines serving County facilities in areas north of the I-5 and I-10 freeways.	Started 3/19/2002, expired 3/18/2007. Contract is currently on month-to-month basis.	County commission rate is 25% of monthly vending sales. Possible increase in commission rate or cash bonus.	Potential extension may be two years or longer.
Compass-Canteen	Countywide vending machines serving County facilities in areas south of the I-5 and I-10 freeways.	Started 3/19/2002, expired 3/18/2007. Contract is currently on month-to-month basis.	County commission rate is 25% of monthly vending sales. Possible increase in commission rate. There is also a possibility to ask for a cash bonus to County	Potential extension may be two years or longer.
First Class Vending	Countywide vending machines serving County facilities in areas north of the I-210 freeway from Santa Clarita to Lancaster.	Started 7/25/2000, expired 7/24/2005. Contract is currently on month-to-month basis.	County commission rate is 22% of monthly vending sales. Possible increase in commission rate or cash bonus.	Potential extension may be two years or longer.
NCV Services	Vending machines servicing LAC+USC Hospital.	Started 6/1/1998, expired 5/31/2003. Contract is currently on month-to-month basis and managed by LAC+USC.	County commission rate is 22% of monthly vending sales. Possible increase in commission rate or cash bonus. <i>Concessionaire is Food Policy compliant.</i>	Potential extension may be two years or longer.

Name	Description	Term	Benefit	Possible Extension
Catercraft-AlaCarte Services	Countywide Mobile Food Truck Service outside various County buildings.	Started 6/1/2003, expired 12/31/2003. Contract is currently on month-to month basis and managed by LAC+USC.	Countywide commission is 5% of monthly vending sales, with a minimum of \$2,500. Possible increase in commission rate or minimum commission.	Potential extension may be two years or longer.

Name	Description	Term	Benefit	Possible Extension
Parks and Recreation				
Disc Golf Concession/Gary Sandoval & Gilbert Rico	Veterans Park in Sylmar. Disc golf instructions, tournaments, and other related activities; sell disc golf merchandise, prepackaged food, non-alcoholic beverages; and collect County approved fees for use of disc golf course.	Started 3/1/2005, expires 2/28/2013 with month-to-month option thereafter.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Renaissance Fair/Renaissance Entertainment Productions, Inc.	Santa Fe Dam Recreation Area in Irwindale. Conduct renaissance theme fair concession services; construct an Elizabethan-era village and marketplace; provide merchandise and services consistent with the fair's historic theme; conduct activities (i.e. glass blowing, wood carving, weaving); sale of food and beverage including Alcoholic beverages.	Started 4/1/2008, expires 3/31/13 with no options.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Whittier Narrows Equestrian Center/Joel and Shonna Griffith	Whittier Narrows Recreation Area in South El Monte. Operate and maintain an equestrian center concession, including authority to rent and sell horses; provide year round boarding facilities for horses; sell equestrian-related merchandise; rent and repair equestrian equipment; provide and charge for equestrian instructional services; sell prepackaged food and non-alcoholic beverages.	Started 5/1/2004, expires 4/30/2014 with no options.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Cerritos Tennis Center/ Bram G. Sada	Cerritos Community Regional Park in Cerritos. Operate and maintain a tennis center concession; provide tennis instructions, tennis camps and tournaments; sell prepackaged food, non-alcoholic beverages, and tennis merchandise.	Started 6/1/2009, expires 5/31/2014 with one five-year option	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
La Mirada Tennis Center/Kuk Ro Lee	La Mirada Community Regional Park in La Mirada. Operate and maintain a tennis and disc golf concession; provide tennis and disc golf instructions, day camps and tournaments; sell prepackaged food, nonalcoholic beverages, and tennis/disc golf related merchandise.	Started 6/1/2009, expires 5/31/2014 with one five-year option.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Whittier Narrows Tennis/Tennis, Inc.	Whittier Narrows Recreation Area in South El Monte. Operate and maintain a tennis center concession; provide tennis instructions, day camps and tournaments; sell prepackaged food, nonalcoholic beverages, and tennis related merchandise.	Started 9/1/2009, expires 8/31/2014 with one five-year option.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Marshall Canyon Equestrian Center/ Jonathan S. and Deidre M. Osko	Marshall Canyon Equestrian Center in La Verne. Rent horses and provide rides on horses or horse-drawn vehicles; provide boarding facilities for horses; sell and rent equestrian related merchandise; charge for equestrian-related instruction and services.	Started 1/31/1995, expires 1/30/2015 with month-to-month option thereafter.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Bonelli Community Spas/Hot Tubs, Inc.	Frank G. Bonelli Regional Park in San Dimas. Charge admission for use of spas and weddings; sell and rent merchandise related to spa and wedding activities; sell food and nonalcoholic beverages.	Started 4/1/2000, expires 3/31/2015 with month-to-month option thereafter.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Whittier Narrows Trap & Skeet/Triple B Clays	Whittier Narrows Recreation Area in South El Monte. Operate and maintain pistol, rifle, and archery ranges; administration and operation of competitive shooting events; sale of food and beverage including alcoholic beverages; sale and rental of shooting and archery equipment; charge fees for use of shooting complex and instructional purposes.	Started 6/1/1988, expires 5/31/2018 with month-to-month option thereafter.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Bonelli RV/East Shore Recreational Vehicle Park	Frank G. Bonelli Park in San Dimas. Operate and maintain a recreational vehicle campground; operate a camp store for the sale of general merchandise, food and beverage including alcoholic beverages; operate a business for the storage of recreational paraphernalia.	Started 8/19/1986, expires 12/31/2018 with month-to-month option thereafter.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Bonelli Water Theme Park/ Palace Entertainment	Frank G. Bonelli Park in San Dimas. Charge admission fees, sell food, beverages and merchandise.	Started 5/8/1983, expires 12/30/2034 with no options.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Rifle and Revolver/ Los Angeles Rifle and Revolver Club	Whittier Narrows Recreation Area in South El Monte. Operate a pistol and rifle range; instruct in the use of firearms; sell and/or rent firearms and accessories; sell ammunition; sell prepackaged food and non-alcoholic beverages.	Started 7/1/1978, expired 6/30/1980. Contract is currently on month-to-month basis.	Potential benefit in capital improvements, additional revenue, or additional recreational services.	Potential extension may be 10 to 15 years.
Cellular Tower/Verizon Wireless	Arboretum in Arcadia. 2,500 square feet for installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 6/1/1995, expires 5/31/2015 with one five-year option.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Cellular Tower/AT&T	John Anson Ford Theater in Los Angeles. Area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 12/1/1997, expires 11/30/2012 with one five-year option.	Possible additional revenue.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Cellular Tower/AT&T	Arboretum in Arcadia. 1,350 square feet for installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 12/1/1996, expires 11/30/2011 with one five-year option.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Castaic Watercraft Instruction/California State University Northridge	Castaic Lake State Recreation Area in Castaic. Instructional academic classes in boating and water safety.	Started 8/1/2007, expires 7/31/2012 with no options.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Cellular Tower/Sprint	Jesse Owens Community Regional Park in Los Angeles. Installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 12/1/1997, expires 11/30/2012 with one five-year option.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Cellular Tower/Crown Castle International	Ted Watkins Memorial Park in Los Angeles. Installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 12/1/1997, expires 11/30/2012 with one five-year option.	Possible additional revenue.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Cellular Tower/Verizon Wireless	John Anson Ford Theater in Los Angeles. 1,600 square feet for installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 8/15/1991, expires 8/14/2011 with no options.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Cellular Tower/Nextel	Arboretum in Arcadia. Installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 12/1/2000, expires 11/30/2010 with two five-year options.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Broadcasting Tower/ Trans America Broadcasting	Kenneth Hahn State Recreation Area in Los Angeles. Maintain and operate two radio broadcasting towers, underground radial wires and a transmitter building.	Started 11/5/2005, expires 11/4/2025 with month-to-month option thereafter.	Possible additional revenue.	Potential extension may be 10 to 15 years.
Golf Course/Alondra Golf Course Inc.	Alondra Golf Course in Lawndale. Management and operation of two golf courses at one facility, including driving range and sale of food and beverages.	Started 4/01/1984, expires 3/31/2017 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.

Name	Description	Term	Benefit	Possible Extension
Golf Course/DC Golf	Altadena Golf Course in Altadena. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 11/1/1984, expires 11/30/2014 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/American Golf Corporation	Diamond Bar Golf Course in Diamond Bar. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 1/1/1987, expires 12/31/2011 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/DC Golf	Eaton Canyon Golf Course in Pasadena. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 11/1/1984, expires 11/30/2014 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/Avila Golf Management	El Cariso Golf Course in Sylmar. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 10/1/1998, expires 9/30/2000 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/American Golf Corporation	Knollwood Golf Course in Granada Hills. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 3/1/1991, expires 2/29/2016 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.

Name	Description	Term	Benefit	Possible Extension
Golf Course/American Golf Corporation	La Mirada Golf Course in La Mirada. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 6/1/1982, expires 5/31/2012 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/American Golf Corporation	Lakewood Golf Course, Lakewood. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 2/1/1994, expires 1/31/2024 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/Los Amigos Country Club Inc.	Los Amigos Golf Course in Downey. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 12/1/1982, expires 11/30/2012 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/American Golf Corporation	Los Verdes Golf Course in Rancho Palos Verdes. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 12/1/1982, expires 11/30/2012 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.

Name	Description	Term	Benefit	Possible Extension
Golf Course/Marshall Canyon Country Club	Marshall Canyon Golf Course in La Verne. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 3/1/1983, expired 4/30/2007. Contract is currently on month-to-month.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/American Golf Corporation	Mountain Meadows Golf Course in Pomona. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 7/1/1989, expires 6/30/2019 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/Santa Anita Associates	Santa Anita Golf Course in Arcadia. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 2/1/1986, expires 1/31/2014 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/Vico, LLC	Victoria Golf Course in Carson. Management and operation of one golf course, including driving range and sale of food and beverages.	Started 8/1/1985, expires 7/31/2035 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.

Name	Description	Term	Benefit	Possible Extension
Golf Course/American Golf Corporation	Chester Washington Golf Course and Maggie Hathaway Golf Course in Los Angeles. Management and operation of two golf courses, including driving range and sale of food and beverages.	Started 10/15/1993, expires 10/31/2013 with month-to-month option thereafter.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Golf Course/Vico, LLC	Whittier Narrows Golf Course in Rosemead. Management and operation of two golf courses, including driving range and sale of food and beverages.	Started 4/1/1987, expired 3/31/2007. Contract is currently on month-to-month.	Potential capital investment funding and/or higher rental percentages in declining market.	Potential extension may be five to 20 years.
Cellular Tower/Verizon Wireless	John Anson Ford Theater in Los Angeles. Installation of antenna; area for ingress and egress for the installation and maintenance of utility wires, cables, conduits, and pipes.	Started 10/22/1992, expires 10/21/2012 with automatic annual renewals.	Potential additional revenue.	Potential extension may be 10 to 15 years.

Name	Description	Term	Benefit	Possible Extension
Beaches and Harbors				
Sea View Restaurants, Inc. (Gladstones)	17300 Pacific Coast Highway in Pacific Palisades. The business is a seafood restaurant located on Will Rogers State Beach.	Started 11/1/1997, expires 10/31/2017 with no options.	Potential additional revenue or facility rehabilitation.	The County is currently seeking State legislation to allow for the extension of the existing contract for 15 years or through 2032, beyond the current State maximum of 20 years.